



HARRIS COUNTY, TEXAS
COMMUNITY SERVICES DEPARTMENT

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August 31, 2012

Jerry Patterson, Commissioner
Texas General Land Office
P.O. Box 12873
Austin, Texas 78711-2873

Attn: Aaron Harris, Grant Manager

Re: CDBG TX Disaster Recovery Round 2

Dear Commissioner Patterson,

Attached for your review and approval are Harris County's Disaster Recovery Program Housing Guidelines. The guidelines are currently under public review. At the end of the review period, any comments received that affect the guidelines will be considered as needed for changes, and the guidelines will be resubmitted for your review.

If you have any questions, please contact Daphne Lemelle, Community Services Director, at 713-578-2064.

Sincerely,

A handwritten signature in dark ink, appearing to read "David B. Turkel", written over a horizontal line.

David B. Turkel
Director

DBT/dal/lmc

Attachment

Harris County Housing Guidelines

Harris County Community Services Department-Disaster
Recovery Housing Program Hurricane Ike Round 2, Phase 2

Submitted to the Texas General Land Office
8/31/2012

DR Team Version 3- 8/27/12

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Harris County Housing Guidelines Disaster Recovery Housing Program Hurricane Ike Round 2, Phase 2

Introduction

On September 13, 2008, Hurricane Ike made landfall along the upper Texas gulf coast. Hurricane Ike was the third most destructive hurricane to ever make landfall in the United States and the third costliest U.S. hurricane of all time, behind Hurricane Andrew in 1992 and Hurricane Katrina of 2005. Harris County took a direct hit with the eye of Hurricane Ike passing over Galveston Bay. It is estimated that Hurricane Ike in total caused as much as \$3.58 billion in residential housing damage in Harris County excluding the City of Houston. About 43.3 percent of total residential units in Harris County experienced damage ranging from affected to destroyed.

On November 26, 2008, the U.S. Department of Housing and Urban Development (HUD) announced \$1.3 billion in Community Development Block Grant (CDBG) disaster recovery funding to the State of Texas for Hurricanes Ike and Dolly, of which Harris County was awarded \$56,277, 229 for housing recovery activities (Round 1). On June 10, 2009, HUD announced a second allocation of \$1.7 billion in CDBG funds to the State of Texas for further hurricane recovery activities of which Harris County was awarded \$48,503,791 for Round 2.2 housing recovery activities.

The Texas General Land Office (GLO) is administering the CDBG Disaster Recovery Program funded by HUD under Public Law 110-329. The GLO is responsible for the administration and monitoring of disaster funding allocated to subrecipients carrying out housing activities, and on July 2, 2012 contracted with Harris County, through the Harris County Community Services Department (CSD), for \$48,503,791 in CDBG to administer these funds to carry out eligible housing activities at the local level, within Harris County.

The GLO developed Housing Guidelines to serve as the basis for Hurricane Ike Round 2 housing program. These Round 2 Housing Guidelines do not replace or supersede the Guidelines developed under Round 1 funding, unless expressly stated. Harris County has developed these Housing Guidelines for Round 2, Phase 2 housing activities.

General Program Guidelines

Program Objectives

Harris County is still in the recovery process for both its communities and residents due to the impacts suffered by Hurricane Ike. The primary focus of this Program is to provide relief for those people impacted by Hurricane Ike while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance will be provided under a variety of housing activities including acquisition,

rehabilitation, new construction, demolition, hazard mitigation, and storm hardening of rental housing units and acquisition (buyout), homebuyer assistance, and demolition of non-rental housing units.

- The primary objective of the Program is to provide decent, safe, and sanitary housing in the hurricane-impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike, as well as any future hurricanes.
- A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which suffered housing damage within the communities being served and eliminate slum and blight conditions.
- A third objective is to prioritize the provision of decent, safe and sanitary housing for homeless and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living and or supportive housing options.

Program Requirements

Harris County has provided a Needs Assessment to determine the types of programs and populations it will offer in their housing application. The GLO has reviewed and accepted the assessment and has contracted for housing activities with the county. As the subrecipient of the GLO for Disaster Recovery CDBG funding, Harris County has the following obligations:

- All housing activities must meet one of the three HUD National Objectives required under the authoring statute of the CDBG program:
 - Benefit low- to moderate income persons (LMI)
 - Eliminate slum or blight (SB); or
 - Meet an Urgent Need (UN).
- Applicants applying for disaster recovery assistance are reviewed and processed by the County and must meet certain eligibility criteria to qualify for assistance. Eligibility criteria are further discussed in the activity-specific housing guideline section.
- All housing activities will comply with the Affirmative Marketing Plan further discussed below in an effort to overcome impediments to fair housing.
- All sites must undergo a complete environmental review prior to any commitment of funds. An environmental review consists of a statutory checklist of required review items. Properties with environmental conditions will not be permitted to proceed under housing activities unless the condition is corrected.
- Applicants for assistance must demonstrate that the damage, failure to function or displacement of population was as a result of Hurricane Ike.

Targeting Communities

- HGAC's Needs Assessment along with Harris County's Needs Analysis helped to determine targeted communities for the housing programs. Targeted communities consist of the following areas that include: concentration of poverty, concentration of ethnicity, or concentration of minority; or residing within 100 year floodplain as well as any displaced populations such as the homeless.

Affirmative Marketing Plan

I. HOME Final Rule 24 CFR 92.351

The Owner and Managing Agent shall adopt the affirmative marketing procedures and requirements as specified in the HOME Final Rule 92.351 for all projects funded with CDBG Disaster Recovery Program funding.

II. Policy on Nondiscrimination and Accessibility

With respect to the treatment of applicants, the Owner and Managing Agent will not discriminate against any individual or family because of race, color, national origin, religion, gender, disability, familial status, sexual orientation, gender identity, or Marital status. Reasonable accommodations will be offered to all disabled persons who request accommodations due to disability at any time during the application, resident selection and leasing process.

III. Training

1. Harris County shall provide property management staff with all relevant regulations and Fair Housing provisions. All property management staff shall be required to follow the procedures and policies adopted by the Owner and Managing Agent.
2. On-site training programs shall include marketing, outreach, data collection, reporting, and record keeping. Property management staff shall annually receive instruction regarding fair housing laws and the Affirmative Marketing Plan.

IV. Marketing and Outreach

1. All advertising shall display the Equal Housing Opportunity logo or the phrase "Equal Housing Opportunity."
2. Consistent with the resident population each project was designed to serve, the marketing of the project will ensure equal access to appropriate size units for all persons in any category protected by federal, state, and local laws governing discrimination. Special marketing outreach consideration will be given to underserved populations least likely to apply. Emphasis shall be placed on outreach to areas with concentrations of poverty and minority populations affected by Disaster like.

3. Marketing shall include the use of newspapers of general circulation throughout Harris County. Notices will be placed in newspapers, specialized publications, and newsletters to reach potential residents. Applications, notices, and all publications will include a Fair Housing and Equal Opportunity logo, and the accessibility logo.
4. Harris County will contact local civic and community organizations representative of the ethnic and cultural diversity of the area in order to disseminate information about the project. Groups representing the handicapped and the elderly will also be contacted. Where necessary and in consultation with the property owner, the managing agent will publish its marketing materials in multiple languages in order to better reach potential applicants in the area with language limitations.
5. Applications and forms will be offered in English and other languages prevailing in the region. In addition, efforts will be made to assist such applicants in the application process.

V. Design and Construction

1. Harris County requires that projects comply with federal regulations found at 28 CFR Part 36, Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities, excerpt from 28 CFR Part 36: ADA Standards for Accessible Design. Title II of the ADA covers housing provided or made available by a public entity, including public housing authorities.
2. Harris County requires that dwelling units be designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) to comply with the Section 504 regulation. Accessible units must be, to the maximum extent feasible, distributed throughout the development and must be available in a sufficient range of sizes and amenities so as not to limit choice.

VI. Compliance Assessment

1. Harris County will review the Affirmative Marketing Plan every year and update as needed to ensure compliance. The advertising sources will be included in the review to determine if past sources should be changed or expanded.
2. Harris County will annually assess the success of affirmative marketing actions for the project. If Harris County feels the demographics from the jurisdiction's population are not being met, data, advertising efforts and outreach will be targeted to underrepresented groups in an attempt to balance the applicants and residents with the demographics of the County.

3. Harris County will conduct ongoing evaluations of incoming applications beginning one month after the program begins accepting applications. This is to ensure that the applications received accurately reflect the targeted demographic. Additionally, Harris County will submit a report to GLO detailing the demographics of the initially reviewed applications before qualifying the applicants. Periodically thereafter an application demographic report will be submitted.

VII. Record Keeping

1. Harris County will establish and maintain an affirmative marketing file to hold advertisements, flyers, and other public information documents to demonstrate that the appropriate logo and language have been used. Additionally, Harris County shall keep records of its activities in implementing the affirmative marketing plan, including other community outreach efforts and its annual analysis.
2. Harris County will provide access to any pertinent books, documents, papers or other records of their CDBG Disaster assisted properties, as necessary, for determining compliance with civil rights and nondiscrimination requirements.

Size of Unit

In accordance with HUD guidelines Harris County's Size of Unit Policy allows for two persons per bedroom as reasonable. Exceptions to this standard are based on the multiple factors of which Harris County is aware and recognize. Additionally, unit sizes will range from two (2) Bedrooms to four (4) Bedrooms.

Reporting Requirements

Compliance will be maintained in accordance with the reporting requirements under GLO's CDBG Disaster Recovery Program. This includes all information and reports as required under the GLO contract with the County and demographic data and other information on applicants and awardees processed by the County as required by the Conciliation Agreement.

- GLO will establish procedures for the County to periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between GLO and the County. (Harris County's Section 3 Plan in Appendix)
- GLO will establish procedures for the County to collect and report data relevant to affirmatively furthering fair housing and Civil Rights compliance as required by the Conciliation Agreement.

Records Retention

All official records on programs and individual activities are maintained for a five (5) year period beyond the end of the affordability period for each housing activity.

Procurement Requirements

Harris County will follow all federal, state, and local procurement procedures and laws applicable to this Program, and will confirm that no vendor is debarred from receiving state or federal funds. Harris County, per the GLO guidelines, will comply with Section 3 (24 CFR Part 135) requirements (see Harris County's Section 3 Plan in Appendix) prior to the start of construction on any contract activity.

Conflict of Interest

In accordance with the conflict of interest regulations at 24 CFR 570.489 (h) and contained in the contract between the County and GLO prohibits local elected officials, County employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

Any exceptions to the conflict of interest provision will be submitted to the GLO and the County will not enter into any conflict of interest until a request for exception is granted.

Site and Development Restrictions

Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) must be used as required where appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

All other CDBG-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet HQS in 24 CFR Part 982.401. All multifamily rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

Housing developments must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Part 794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR Part 100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR Part 100.205, which implement the Fair Housing Act (42 U.S.C. Part 3601-3619) and the design and construction requirements of the Fair Housing Act Design Manual. Additionally, developments involving new construction (excluding construction of

nonresidential buildings) where some units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20 percent of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the design and construction requirements of the Fair Housing Act Design Manual, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance certification will be required after the development is completed from an inspector, architect, or accessibility specialist. Any developments designed as single family structures must also satisfy the requirements of Part 2306.514 of the Texas Government Code.

Duplication of Benefits

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the property or for the repair of the structure): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for property repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the CDBG assistance is awarded must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the property do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repair conducted.

Complaint and Appeals Process

As part of its Citizen Participation Plan, Harris County states its complaint process. In the case that a citizen or organization calls the County to file an informal complaint they will be advised on how to file a formal complaint if their complaint cannot be immediately resolved.

In the case that a citizen or organization desires to file a formal complaint against a Harris County action or decision, they will be informed of the following set of formal grievance procedures. Complaint and grievances procedures can be found at and filings should be provided to the Harris County Community Services Department (CSD), administer of the TX CDBG Disaster Recovery Funding, at 8410 Lantern Point; Houston, Texas 77054 between the hours of 8:00 am and 5:00 pm, Monday through Friday except on posted holidays.

1. Submission of the complaint must be sent to the Director of CSD, with original signatures and letterhead (if applicable). The complaint must include details such as dates, procedures in question, history of the problem(s) and correspondence, and any relevant previous complaints.
2. The complaint will then be given to the staff for a formal investigation.

3. Staff will investigate the situation and draft a report to the Director, which will detail all findings related to the action or decision, such as historical background, persons involved in the action or decision, the reasoning behind the action or decision, and suggestions for reconciliation (if any).
4. The individual or organization that filed the original complaint will be contacted and informed of the findings and applicable plan for reconciliation within 15 business days of receipt of the complaint.
5. Appeals of the findings and applicable plan for reconciliation will be sent to the Texas General Land Office at 1700 N. Congress Ave. Suite 935; Austin, Texas 78701 within 15 business days of notification of findings by Harris County. Appeals will be submitted in writing with the name and contact information of the complainant and details of the complaint.
6. Any legal suits against CSD will be served to or filed with the County Judge at 1001 Preston Suite 911, Houston, Texas 77002, with copy to the Community Services Department, 8410 Lantern Point Drive, Houston, Texas 77054.

All formal complaints will be entered into a Complaint Tracking System which will store, track, and document resolution of the complaint.

Grievances regarding housing discrimination should be reported to the Houston HUD Office at 1301 Fannin, Ste. 2200, Houston, TX 77002.

Housing Program Specific Activities

Purpose of Program & Program Requirements

The Harris County Disaster Recovery Affordable Rental Program has been designed to provide funds for rehabilitation, reconstruction, and/or new construction of affordable multi-family and single family rental housing projects in areas impacted by Hurricane Ike. Funding is available through the Community Development Block Grant (CDBG) Disaster Recovery Program, administered by the GLO.

The purpose of the Affordable Rental Program is to facilitate the rehabilitation, reconstruction, and/or new construction of affordable rental housing needs within the County's service area. Units qualifying for assistance must have sustained damage from Hurricane Ike. A minimum of 51 percent of the units must be restricted for ten or more years to low to moderate income (LMI) individuals earning 80 percent or less of the Area Median Family Income (AMFI) at affordable rents. The rents must comply with High HOME Investment Partnership (HOME) Rents and other existing Land Use Restriction Agreement (LURA) restrictions if applicable. HOME rent limits are defined by HUD and must equal the lesser of fair market rents or 30 percent of the adjusted income for people earning 65 percent of the AMFI. As part of its allocation of TX CDBG Round 2 Phase 2 Housing funding,

Harris County will enact activities under two GLO contracts executed on July 2, 2012: a Rental Housing Contract \$36,075,936 and a Non-Rental Housing Contract \$12,427,855.

The following objectives are provided for the implementation and administration of a successful Rental Program:

- The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike.
- A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.
- A third objective is to prioritize the provision of decent, safe, and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

All housing activities will meet one of the CDBG National Objectives: Benefit to Low to Moderate Income (LMI), Urgent Need, and Elimination of Slum and Blight.

Rental Housing Activities

Multi-family Rental Activities

Eligible Activities

For eligible multi-family rental housing development projects using TX CDBG Program funds to acquire, construct or rehabilitate rental housing, all are required to provide a minimum of 51 percent of the total project units as assisted units. Of the total assisted units, 100 percent must serve households at or below 80 percent of Median Family Income (MFI). The property owner or its representative must verify the income of each tenant occupying a TX CDBG assisted unit. The method used will be the *Section 8 Part 5* income verification. The maximum rents for CDBG-assisted rental developments shall be established by using the most current HOME Program high rent schedule. Rent schedules include the cost of utilities in the rent amount. All projects shall use utility allowances published by the Harris County Housing Authority unless located in another jurisdiction and then that jurisdiction's allowances will be used.

For properties with both assisted and non-assisted units, the County will select "fixed" or "floating" units at the time of project commitment. When TX CDBG-assisted units are "fixed", the specific units that are CDBG-assisted are designated and never change. When TX CDBG-assisted units are "floating", the units that are designated as CDBG-assisted may

change over time as long as the total number of TX CDBG-assisted units in the project remains constant. TX CDBG-assisted units must be comparable and distributed throughout every unit type. For new construction of multi-family rental units, builders, design professionals, and developers must comply with the Americans with Disabilities Act, Federal Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973, particularly in the construction of accessible units and common use areas. All TX CDBG-assisted affordable units must meet or exceed the Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation, as well as, state and local code requirements.

Types and Amounts of Assistance:

Per the GLO Housing Guidelines, the maximum award cap under the Affordable Multi-family Rental program is \$10,000,000 per development. TX CDBG funds may not be used to pay for damaged covered by any FEMA reimbursement, SBA assistance, insurance claim, or any delayed or future payments anticipated under insurance policies. TX CDBG Affordable Rental Program funds will be in the form of a zero percent performance-based loan and will be forgiven when all contractual obligations have been met, including satisfactory completion of construction and compliance with the 10 year affordability period. The terms of the loan/grant may be modified by agreement, if necessary, given other requirements from other financial programs (i.e. tax credit programs, etc.). A LURA will be placed on developments and any applicable lenders must agree to subordinate to the LURA. The Developer/Borrower will guarantee completion of construction until a certificate of occupancy has been issued and retainage has been released. There is a 10 year affordability period under the LURA. Project construction must be completed within 18 months of the effective date of the contract, unless otherwise extended.

Participant Eligibility

- For-profit, public housing authorities, units of local governments and not-for-profit Developers/Borrowers, acting individually or as participants in a limited partnership (LP) or limited liability corporation (LLC) are eligible to participate. Not-for-profit entities must provide evidence of IRS tax-exempt status. Developments are required to list properties on PHA landlord list and provide notification to DHAP providers.
- The Applicant, Development Owner, Principal or Developer/Borrower must be in good standing with any outstanding loans and loan commitments. There may be no defaults or negative collection actions on current or previous loans.
- No Applicant, Development Owner, Principal or Developer/Borrower or General Contractor may be "debarred" from the federal and state debarment lists, in accordance with all applicable laws.
- Applicant, Development Owner, Principal or Developer/Borrower must provide a complete listing with addresses of multifamily properties currently owned or managed.

Property Eligibility

The Rental Housing Activities will be self-administered by Harris County Community Services Department staff (CSD). Activities will include multi-family and single-family rental units. Based on the GLO Housing Guidelines, Benefit to Low to Moderate Income persons is the only National Objective that is approved for the Rental Housing Program under Round 2.

Selection of Projects

Through a Request for Proposals (RFP) process, the County will seek rental housing owners with units affected by Hurricane Ike in need of rehabilitation, reconstruction, construction, and/or hazard mitigation assistance and replace units destroyed by Hurricane Ike in the county. The County will target and place a high priority on those developments who predominately serve low- to moderate-income persons, seniors, and the disabled. The County will also seek proposals that assist Hurricane Ike displaced populations, such as the Homeless, who were identified in Harris County's Need Assessment.

The purpose of the RFP process is to ensure the integrity of the recommended project selection process and to coordinate the application process by identifying the community's needs, building a system to enhance safe, affordable housing and enhance the quality of life and selecting projects that will effectively address those needs. Entities eligible to apply include private non-profit and for-profit developers and Public Housing Authorities with projects and or populations affected by Hurricane Ike. Entities not listed but interested in applying should contact the Harris County CSD staff to ensure eligibility. CSD will consider projects located in Harris County. The Formal Application Process requires the submission of a formal application or proposals from the applicant. A notice is published to the Harris County website as well as mass email distribution to interested parties. The RFP process is open and competitive. To participate in the process, potential applicants must submit a complete application by the established deadline and meet the program requirements.

Upon the receipt of applications, all are evaluated utilizing an evaluation worksheet, which is based on explicit selection criteria. The purpose of the evaluation worksheets is to provide staff with a tool to document their proposal review findings. The worksheet is based on the same scoring system with each section having a subtotal. Staff must review the entire proposal before assigning a score. The evaluation tool also includes an underwriting review which is discussed further in the Program Requirements, Underwriting and Environmental Review section.

CSD reserves the right to accept or reject any and all proposals received as a result of this invitation. In addition, CSD reserves the right to negotiate with all qualifying applicants or to cancel in whole or in part an application if deemed in the best interest of Harris County as it relates to the Consolidated Plan and/or the County's Agreement with GLO for TX CDBG Disaster Recovery funds. The CSD Director may require that applicants selected for funding participate in negotiations and resubmit any cost, technicality, or other revisions of

their proposal. Final selection of awarded project(s) is approved by the CSD Director, and is recommended for approval by the Harris County Commissioners Court.

The applicant is responsible for maintaining complete and accurate records for the full period of the affordability period. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to the County or GLO upon request. Compliance with these terms for the full affordability period will result in loan forgiveness, leaving the applicant with no obligation to repay the loan or interest on it. Failure to comply with terms will lead to non-compliance.

Hurricane damaged or destroyed projects awarded assistance will typically be in the 10-30 year old range. The repair/replacement assistance will extend the useful life of the development at least 10 years.

Proposed new construction located in the 100-year flood plain as identified on the most current FEMA Flood Maps must comply with the GLO flood policy.

Selection Criteria

Based on Harris County's Needs Assessment projects providing the greatest benefit to the community will provide incentives for:

- Increasing the number of affordable units by exceeding the requirements to lease 51percent of the units to low/moderate income households.
- Providing units to households with the highest need for affordable housing by agreeing to create set asides targeting very low, low, and moderate-income tenants.
- Providing broader access to person with disabilities through single story structures or those served by an elevator.
- Meeting low-maintenance and energy efficiencies by installing energy efficient products and low maintenance items.

Program Requirements, Underwriting, and Environmental Review:

Multi-family rental projects awarded disaster recovery funds must satisfy six levels of eligibility requirements. Projects will be reviewed in terms of financial feasibility with the program's objectives. Financials, proformas, and loan information as well as the sources and uses of funds must be submitted identifying the proposed financing sources and expenses of the project. The proposed multifamily projects will go through underwriting which will review the ownership structure, property operations, the sources and uses of funds, and the financial statements of the owner and guarantor (if applicable). The underlying debt and operating expenses of the property will be reviewed to determine if the project is feasible during the affordability period and demonstrates income adequate to cover operating expenses and applicable debt service.

Upon allocation for funding, the property will go through and pass required environmental review process. For rehabilitation or construction activities, the Developer /Borrower must submit an acceptable Property Condition Assessment (PCA) conducted by a qualified third party. In addition to repair costs identified in the PCA, other costs will be considered if they extend the useful life of the project. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.

Construction:

- Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG funds are used for rehabilitation development, the entire unit must be brought up to the applicable property standards and meet Housing Quality Standards. All newly constructed including reconstructed housing units must meet the current edition of the Model Energy Code (MEC) published by the Council of American Building Officials. GLO will conduct a final inspection of the development. Common areas and units are subject to a Uniform Physical Conditions Standards inspection. Any deficiencies identified in that inspection must be corrected before final retainage is released.
- Housing developments must meet all accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973. Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC 60.201-211. Covered multifamily dwellings must meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act.
- The Developer/borrower must comply with Labor Standards; Section 3 Plan; Minority/Business Enterprise (MBE); Small Business Enterprise (SBE) requirements; Affirmative Marketing; and Contractor Clearance.
- The project costs must be "reasonable and customary" as determined by acceptable, independent third party report or considered reasonable as documented by bidding process.
- All contracts will be payment and performance bonded. All projects are subject to The Davis-Bacon Wage Act, The Contract Work Hours and Safety Standards Act, The Copeland "Anti-Kickback" Act, Section 3 requirements, reporting and goals and should budget accordingly.
- Prior to commencement of construction, the Developer/Borrower must have a notice to proceed.
- The report and AIA forms 702 and 703 will be required prior to funding each draw request.

- Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

Compliance Requirements

Affordability Period:

The compliance period or affordability period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for a rental housing project must be in compliance with programmatic as well as Harris County established rules and regulations regarding maximum rent limits, tenant income, and other applicable requirements. When the recipient fails to comply with the program regulations during the designated compliance period, the action triggers repayment of the direct federal subsidy to the County. The compliance period of TX CDBG Multi-family rental developments shall be a minimum of 20 years.

Labor Compliance:

Harris County through CSD shall monitor projects for compliance with TX CDBG. Consistent with the County's standard monitoring procedures outlined in the Harris County Subrecipient Monitoring Plan, the CSD through its Grants Management and Financial Services Sections will conduct onsite monitoring at each assisted project at least annually, and through its Housing Construction and Inspection Services section will conduct inspections of the assisted units at least once annually during the affordability period for compliance with the Harris County Housing Standards for Multi-Family Rental projects.

All applicable developments must comply with applicable labor standards, including, but not limited to Davis-Bacon wages, Section 3, Minority / Business Enterprise, and Small Business Enterprise. Under the federal Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70, 24 CFR Part 570.603), prevailing wages must be paid on all construction and related work on projects that have eight (8) or more units.

Relocation:

The Developer/Borrower is responsible for the relocation activities related to the project. The Developer/Borrower shall comply with program regulations at 24 CFR Part 570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 ("URA"), as amended, at 49 CFR Part 24, and Part 104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR Part 42. If applicable, they shall submit to CSD copies of all documentation relating to URA.

Project Completion

When a project is finished, the procedures listed below will be followed to document completion and allow for retainage (the last 10 percent of project cost) to be paid:

- Developer/Borrower submits Final Draw for Retainage. This draw is identical in form to the others and includes the final inspection report from the third party inspector indicating that the project is complete.
- Developer/Borrower completes and submits a Final Wage Compliance Report.
- Developer/Borrower submits letter Certificate of Occupancy for project.
- Developer/Borrower submits letter certification from Architect that project meets requirements of the Americans with Disabilities Act.
- Developer/Borrower submits Certificate of Substantial Completion, and AIA form that is signed by the Owner, General Contractor, and Architect.
- Developer/Borrower submits Lien Release from General Contractor to show that all subcontractors have been paid.

Project Lease Up

Harris County will ensure that multifamily developments assisted with CDBG funds are have a project tenant policy (TSP), Affirmative Marketing Plan, and schedule of leases and rents to ensure compliance with CDBG requirements.

Program Files

The county will maintain accurate Rental Program files and records for general administration activities, for each development and tenant for a period of ten (10) years as required by GLO. Such files will be open for inspection to GLO or any of its duly authorized representatives, or funding source representative.

Single Family Rental Activities

Eligible Activities:

For eligible single family rental housing development projects, TX CDBG Program funds may be used to acquire, construct and or rehabilitate/reconstruction rental housing and increase or replace the affordable rental stock in Harris County affected by Hurricane Ike. Applicants receiving TX CDBG funds for single family rental projects agree to lease the rental units to low-moderate income households (80 percent of Area Median Income or less) at restricted rents. Rents must comply with the High HOME rent limits.

Types and Amounts of Assistance:

Single family, detached dwellings are eligible for assistance. Condominiums, townhouses, duplexes, triplexes or four-plexes are not eligible. Each single family rental unit must currently have access to water, electricity, and sewer or septic service, or hookups to provide those services. The Maximum award cap under Single Family Rental Program is based on the number of bedrooms in the rental unit and whether

rehabilitation/reconstruction or new construction. For new construction, units will have two (2) or greater bedrooms. Note, when a rental unit is assisted with TX CDBG funds, the entire unit must be brought up to HQS. Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.

Table: Single Family Rental Maximum Awards

	One Bedroom	Two Bedroom	Three Bedroom	Four+ Bedrooms
Max Award (Rehabilitation/Reconstruction)	\$50,000	\$60,000	\$70,000	\$80,000
Max Award (Construction)	-	\$110,000	\$115,000	\$120,000

TX CDBG funds may not be used to pay for damage covered by any FEMA reimbursement, SBA assistance, insurance claim, or any delayed or future payments anticipated under insurance policies. TX CDBG Affordable Rental Program funds will be in the form of a 0 percent performance-based loan/grant and will be forgiven when all contractual obligations have been met, including satisfactory completion of construction and compliance with the 10 year affordability period. The terms of the loan/grant may be modified by agreement, if necessary, given other requirements from other financial programs (i.e. tax credit programs, etc.). Project construction must be completed within 18 months of the effective date of the contract, unless otherwise extended. A LURA will be placed on each SF property receiving disaster funds to repair, construct or reconstruct rental units. The LURA must be approved by GLO. The LURA must contain a 10 year affordability period beginning after closeout of loan or grant and require acceptance of Section 8 housing choice rental vouchers when the owner owns 20 or more single family projects.

Participant Eligibility:

- Individual owners with fee simple title to the property are eligible to participate.
- The owner must be in good standing with any loans on the property or in default or negative collection actions on any current or previous loans.
- The property taxes must be current on the property.
- The owner of the property may not be “debarred” from the federal and state debarment lists, in accordance with 24 CFR 570.609, as well as other applicable laws.
- The owner must provide a complete listing with addresses of other rental properties currently owned or managed.
- All applicants must not owe any child support payment(s) under any order.

Property Eligibility:

- All properties must be located within the jurisdiction of the County and sustained damage from Hurricane Ike.
- Properties maybe rehabilitated, or replaced by reconstruction or new construction of the dwelling.
- Single Family, detached dwellings are eligible for assistance and must contain between one and three bedrooms at a minimum; priority is given properties with three or more bedrooms. Condominiums, townhomes, duplexes, triplexes or four-plexes are not eligible.
- Upon completion, the single family homes must meet Housing Quality Standards and benefit low-moderate income persons earning 80 percent or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).
- The rent for the unit occupied by the low-moderate income household must be occupied at affordable rents. The units occupied low-moderate income households must comply with the High HOME rent limits published by TDHCA under the HOME program through the affordability period. Compliance with rent limits is calculated in the same manner as the HOME program.
- Units do not have to be rental stock prior to application for assistance, however must be rented to certified LMI households if awarded repair or replacement funds.
- Housing units located where federal assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil or military airport are not eligible.
- Each property must currently have access to water, electricity, and sewer or septic service, or hookups to provide those services.
- The on-going maintenance of hazard and flood insurance is a program requirement where applicable.

Selection Criteria:

Based on Harris County's Needs Assessment projects providing the greatest benefit to the community will provide incentives for:

- To expand the affordable housing stock priority is given to vacant units in a condition that is not suitable for occupancy.

- To encourage a vested interest in the projects, priority is given to projects where the landlord contributes at least 25 percent of the funds necessary to repair the property.
- To encourage housing for families, priority is given to projects with three bedrooms or more.
- Projects near public transportation, shopping and schools are considered in the point structure. Near is defined as within a two (2) mile radius.
- Single family rental structures must comply with Texas Government Code, Section 2306.154.

Program Requirements, Underwriting, and Environmental Review:

Single family rental projects awarded disaster recovery funds must satisfy four levels of eligibility requirements. Projects will be reviewed in terms of financial feasibility with the program's objectives. When applicable, financials, proformas, and loan information as well as the sources and uses of funds must be submitted identifying the proposed financing sources and expenses of the project. The County will determine the type of underwriting process required for Single Family projects.

Upon allocation for funding, the property will go through and pass required environmental review process. For rehabilitation or construction activities, an acceptable Property Condition Assessment (PCA) must be conducted by a qualified third party. The work write up must be completed in sufficient detail to obtain bids or cost estimates. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.

Financial Review of Projects

Construction

- For rehabilitation the properties must comply with local building codes, and the entire structure must comply with local health and safety codes and standards, and housing quality standards (HQS).
- For reconstruction including newly constructed homes, the entire structure must be in compliance with building codes and zoning ordinances and applicable construction or livability standards after assistance including:
 - Energy standards as verified by a RESCHECK [™] certification. The certification must be available in the file prior to purchase.
 - IRC as 11 of the IRC as required by Chapter 388 of the Health and Safety Code as applicable.

- The project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.
- Under the Rehabilitation Program, any housing unit built before 1978 must be inspected for hazards associated with the presence of lead-based paint or may be presumed to have lead-based paint hazards. Proof of notifications, work completed and clearance examination must be available.
- Under the Rehabilitation Program, any housing unit must be in compliance with Section 31 of the Federal Fire Prevention Control Act of 1974 which requires that any housing unit rehabilitated with Department funds be protected by a hard-wired or battery-operated smoke detector.
- Reconstructed or new construction must comply with Texas Government Code 2306.514.
- Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

Compliance Requirements

Affordability Period:

Harris County through CSD shall monitor projects for compliance with TX CDBG. Consistent with the County’s standard monitoring procedures outlined in the Harris County Monitoring Plan, the CSD through its Grants Management and Financial Services Sections will conduct onsite monitoring at each assisted project at least annually, and through its Housing Construction and Inspection Services section will conduct inspections of the assisted units at least once annually during the affordability period for compliance with the Harris County Housing Standards for Multi-Family Rental projects.

Labor Compliance:

All applicable developments must comply with applicable labor standards, including, but not limited to Davis-Bacon wages, Section 3, Minority / Business Enterprise, and Small Business Enterprise. Under the federal Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70, 24 CFR §570.603), prevailing wages must be paid on all construction and related work on projects that have eight (8) or more units.

Relocation:

The Developer/Borrower is responsible for the relocation activities related to the project. The Developer/Borrower shall comply with program regulations at 24 CFR Part 570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended, at 49 CFR Part 24, and §104(d) of the Housing and Community Development Act

of 1974, as amended, at 24 CFR Part 42. If applicable, they shall submit to CSD copies of all documentation relating to URA.

Landlord Requirements:

- Leasing all units to tenants that have eligible household incomes (80 percent AMI or below).
- Charging rents that are at or below High HOME rents.
- Following income certification and verification procedures and keeping records on all tenants' income.
- Maintaining complete and accurate rent rolls.
- Renting units in accordance with HUD Fair Housing Standards.

The applicant is responsible for maintaining complete and accurate records for the full period of the loan term. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to the County or GLO upon request.

Compliance with these terms for the full period of the loan will result in loan forgiveness, leaving the applicant with no obligation to repay the loan or interest on it. Failure to comply with terms will lead to non-compliance.

Non-Rental Housing Activities

The Non-Rental Housing Activities will be self-administered by Harris County Community Services Department staff (CSD). Activities will include buyout, relocation, and demolition of multi-family and single-family housing units. Activities will meet two HUD National Objectives: Benefit to Low to Moderate Income persons and the Elimination of Slum and Blight.

Non-Rental Multi-family Buyout Activities

For eligible non-rental multi-family buyout projects, TX CDBG Program funds may be used to buyout, relocate tenants, and demolish multi-family rental housing in Harris County affected by Hurricane Ike and that are in a repetitive flood area. Projects receiving TX CDBG funds for multi-family buyout, relocation and demolition activities agree to re-purpose the land use as to benefit flood control systems. The existing structure(s) will be removed and the property will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands/floodplain management practices. No new structure will be erected on the property other than a public facility that is open on all sides and functionally related to a designated open space, a rest room or a structure that the CSD

Director approves in writing before the commencement of the construction of the structure.

Types and Amounts of Assistance

Multi-family housing dwellings that were affected by Hurricane Ike, are in a repetitive flood area, and are adjacent to a Harris County Flood Control District facility are eligible for assistance. Condominiums, townhouses, duplexes, triplexes or four-plexes are not eligible. Property is the land and improvements listed on the title or appraisal district recorded as published on the HCAD.org. CDBG funds may not be used to pay delinquent taxes. The awards are based on a third party appraisal, cost of demolition, relocation of existing tenant and project delivery costs.

Relocation

Due to the involuntary nature of the acquisition/buyout, tenants are entitled to assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Property owners must follow applicable URA requirements. The Developer/Borrower is responsible for the relocation activities related to the project. The Developer/Borrower shall comply with program regulations at 24 CFR Part 570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 ("URA"), as amended, at 49 CFR Part 24, and Part 104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR Part 42. If applicable, they shall submit to CSD copies of all documentation relating to URA.

Duplication of Benefits

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the property): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for property repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the offer for purchase has been extended, the funding for the purchase of the property has been awarded or the purchase transaction has occurred, must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the property do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repair conducted.

Property before Closing

Participant must remove all personal property from the residence prior to the day of closing. Anything remaining after closing becomes public property and must be disposed of in a public manner.

Document Execution at Closing

The following documents will be signed by the applicant at the time of agreement:

- Agreement for Sale
- Limited Subrogation Agreement

Property after Closing

Existing tenants will be relocated per URA requirements. Procured demolition service will demolish of the residential structure and any outbuildings and proper disposition of the debris, in accordance with state and federal environmental laws, rules and regulations. The county is responsible for the maintenance of the property. The county will take ownership of the property and is responsible for ensuring the property title is deed restricted remaining public open space in perpetuity. A covenant will be placed on the property being acquired to maintain it as open space, recreational, or wetlands/floodplain management practices.

Offer to Purchase and Appeals

Applicant must sign a voluntary participation or non- participation agreement within 14 days of buy-out offer. If applicant does not agree to the offer, they may counter offer by providing their own appraisal prepared by a licensed appraiser. The county will review the counter offer and make a decision regarding the appraisal amount that is to be used.

If applicant appeals, the county will have ten (10) days to review the counter offer and make a decision regarding the appraisal amount that will be used. Applicant will be notified by mail of the final decision.

Non-Rental Single-family Buyout Activities

For eligible non-rental single-family buyout projects, TX CDBG Program funds may be used to buyout and demolish single-family housing units in Harris County affected by Hurricane Ike and that are in a repetitive flood area. Projects receiving TX CDBG funds for single-family buyout and demolition activities agree to re-purpose the land use as to benefit flood control systems. The existing structure(s) will be removed and the property will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands/floodplain management practices. No new structure will be erected on the property other than a public facility that is open on all sides and functionally related to a designated open space, a rest room or a structure that the CSD Director approves in writing before the commencement of the construction of the structure.

All Non-Rental activities will operate in compliance with the HOP guidelines listed below.

Homeowner Opportunity Program (HOP)

Purpose of Program

The Homeowner Opportunity Program (HOP) is a Disaster Recovery Housing Program that involves options up to and including the “buyout” of a home that has been “destroyed” by the hurricanes and the subsequent relocation of the homeowners to a location that is a safer and higher opportunity neighborhood. Destroyed, for the purposes of the HOP, means that the home cannot feasibly be rehabilitated under the rehabilitation cap to the point where the entire house meets, at least, HQS.

Program Requirements and Options Available

Households for whom rehabilitation is sufficient will not qualify for relocation under the HOP. Households whose home has been destroyed may elect to decline relocation and reconstruct the original, storm destroyed property to remain in place. The options of the HOP include: reconstruction or replacement of the existing home; the purchase of a vacant lot on which to build a new home or locate a manufactured home; or the purchase of a home.

FEMA-designated “High Risk”

Harris County will make counseling available to income-qualified applicants living in a FEMA-designated “High Risk” area or area of high minority and/or poverty concentration (as approved by GLO) and extend the opportunity to participate in the HOP.

External Professionals

HOP Homebuyer Assistance program will include the cost of professional services. Examples include real estate agents to provide guidance, including the opportunity to visit neighborhoods and properties, to advise applicants about lots or homes that are available in higher opportunity areas of the community with less concentrated areas of poverty and/or minority population. Professionals must receive training as mandated by the State in order to be certified eligible to participate in this program. Additionally, professionals will be licensed by the state where appropriate. The County will, using proper procurement practices, hire full time professionals or create a qualified list of candidates and randomly assign them to files.

Programs Made Available

Counselors should have resource information available to them to provide educated advice and to assist in decision making by the clients. These materials should include, at a minimum, school district ratings for eligible communities in the County’s jurisdiction, health service facilities and programs available in the community for those needing assistance, a mechanism for discussing transfer of programs currently being utilized by applicant, and average utility costs and taxes for eligible program communities.

The County will ensure that the qualifications for each program does not discriminate against a person or direct their activity choices by steering applicants to one choice or another due to inequitable benefits. As part of the Program Design, the County must review the program and determine what additional costs would be included in each program in order to make each choice relatively equal in terms of total overall cost.

Acquisition of Property

- The County must take title to the original, storm-damaged property. Title may be transferred to another unit of local government other than the County.
- The acquisition cost for the original property destroyed by the storm will be the cost of a replacement house based on the standardized specifications for the appropriate household composition and size which will be bid locally.
- Taxes must be current on the property to be acquired. CDBG DR funds cannot be used to directly pay back taxes. Applicants must be given the opportunity to pay back taxes.
- Outstanding liens or mortgages are the responsibility of the homeowner and must be satisfied prior to transfer of title.
- Fee simple title must be obtained. Should clear title not be available at the time of acquisition, the applicant will be allowed to participate in the TDHCA Title Clearance Program (pending available funding). Adequate funding to serve the applicant must be reserved until the title issues are resolved or one year from the date of the application have elapsed, whichever comes first.
- Eligible applicants who are unable to resolve title issues within one year of the application date may still qualify for regular homebuyer assistance (up to \$40,000). Assistance to rehabilitate or reconstruct the original home may also still be available.

Relocation

Relocations through either lot acquisition and construction or acquisition of a new/existing home will only be allowable only if the lot does not require home elevation expenses. Beneficiaries may not be relocated to FEMA-designated "High Risk" areas or areas of high minority or poverty concentration as determined by TDHCA. Participants should be relocated to safer and higher opportunity areas; nevertheless, there may be areas that require special attention for the purposes of relocation. Lots that need wells or septic work will be determined on a case by case basis. However, accessibility enhancements will be eligible for all programs.

Disposal of Property

Procured demolition service will demolish the residential structure and any outbuildings and proper disposition of the debris, in accordance with state and federal environmental laws, rules and regulations. The county is responsible for the maintenance of the property. The county will take ownership of the property and is responsible for ensuring the property title is deed restricted remaining public open space in perpetuity. A covenant will be placed on the property being acquired to maintain it as open space, recreational, or wetlands/floodplain management practices.

Homebuyer Assistance Program (HBA)

The Homebuyer Assistance Program is a voluntary program that will provide down payment and closing cost assistance to homeowners who are participating in a buy-out program as a result of damage caused to their primary residence by Hurricane Ike. This program will meet the HUD National Objective of Benefit to Low- to Moderate-Income Persons. Assistance under this activity may not be extended to households whose incomes exceed 80 percent of the AMFI.

Financial assistance will be provided to qualified applicants to purchase a comparable replacement unit outside the one hundred year flood zone. The goal of the program is to encourage homeowners who reside in a repetitive flood area to move out of harm's way and into safe, decent and sanitary housing.

Per the State's Housing Guidelines, any HBA provided to non-HOP-eligible applicants must be needs-based. CDBG regulations restrict homebuyer assistance to the amount up to and including the amount of assistance necessary to facilitate homeownership. For example, it is not a reasonable use of CDBG funding to provide the full amount of assistance, \$40,000, when only \$5,000 of mortgage gap financing is necessary for a bank to make an affordable loan to purchase the home. The amount of HBA necessary to leverage a private loan or otherwise bring about homeownership for non-HOP-eligible applicants must be documented on forms to be provided by the GLO.

Types and Amounts of Assistance

Homebuyer Assistance is capped at \$40,000 in down payment and closing costs for eligible applicants to purchase a new or existing home outside the 100 year floodplain.

Due to the voluntary nature of the down payment assistance program, homeowners are not entitled to assistance under the URA.

Appendix

Harris County Section 3 Plan

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, requires that Harris County to ensure that training, employment and other economic opportunities generated by certain HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be given to low- and very low- income persons, particularly those who are recipients of governmental assistance for housing, and to businesses that provide economic opportunities for these persons.

County Responsibilities

Harris County will ensure that the contractors and subcontractors performing work on Section 3 funded activities are in compliance with the Section 3 requirements as well as meeting or exceeding the numerical goals as outlined in the HUD Act.

To fulfill this responsibility Harris County has appointed a Section 3 Coordinator whose responsibilities are compliance and monitoring of all Section 3 activities for CDBG Disaster Recovery Program funded projects.

The initial steps that must be taken by the Coordinator to ensure that the County and its contractors meet or exceed the designated numerical goals will be to complete the following requirements below.

- Coordinate and/or conduct outreach opportunities to Section 3 businesses
- Conduct training for Department staff members semi-annually
- Conducting training for contractors
- Notify contractors of Section 3 responsibilities
- Certify Section 3 businesses
- Certify Section 3 residents
- Document Section 3 compliance actions
- Maintain a list of certified Section 3 residents by trade for Section 3 businesses
- Participate in the pre-bid, pre-construction, bid opening and or construction meetings to ensure that Section 3 business concerns are addressed
- Ensure that the Section 3 clause is noted in all contracts
- Prepare, create and or submit required Section 3 Reports to the GLO

Further discussion of the list requirements are detailed throughout the Plan. The minimum numeric goals are:

- 30 percent of total number of new hires as Section 3 Residents (i.e. 1 out of 3 new hires);
- 10 percent of all awarded construction contracts, awards to Section 3 Business Concerns;
- 3 percent of all awarded non-construction contracts, awards to Section 3 Business Concerns.

Types of economic opportunities available under Section 3:

- Jobs and employment opportunities
- Training and educational opportunities
- Contracts and business opportunities

Section 3 Residents

Types of recipients receiving economic opportunities under Section 3 that should be given priority in hiring are those who are:

For training and employment

- Persons in public assisted housing including persons with disabilities
- Persons in the affected project neighborhood
- Participants in HUD Youth-build programs
- Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 *et seq.*), homeless persons residing in the service area or neighborhood in which the Section 3 covered project is located.

A resident seeking Section 3 preference shall submit a Section 3 Resident Certification Form to the Section 3 Coordinator or the contractor or subcontractor to verify and approve the certification. The County will maintain a list of Section 3 Residents and Business Concerns for current and/or future Section 3 job opportunities.

According to HUD a Self-Certification is an acceptable means for establishing eligibility as a Section 3 Resident. However, recipients may utilize acceptable support documentation with the Section 3 Resident Certification Form to include:

- Proof of residency in a public housing development
- Evidence of participation in a HUD Youthbuild program operated in the metropolitan (or non-metropolitan county) where the Section 3 covered assistance is spent
- Copy of Section 8 voucher certificate or voucher
- Evidence of eligibility or participation in a federally-assisted program for low- and very-low- income persons

- Evidence that the individual resides in the Section 3 area and is a low or very-low income person, as defined in Section 3(b)(2) of the U.S. Housing Act of 1937

Section 3 Business Concern

Harris County will determine if a business qualifies for Section 3 designation by performing a Section 3 Business Concern Certification. Additionally, the County will refer to the GLO's Section 3 Business Certification listing to see if the applicable business is already listed as a Section 3 Business Concern.

A Section 3 Business Concern is one that is:

- Owned by 51 percent or more by Section 3 Residents; or
- Employs at least 30 percent of employees who qualify as Section 3 Residents (or within 3 years of the date of first employment with the business concern were Section 3 Residents); or
- Commits to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet one of the first two qualifications above.

Harris County will include the "Contractor Certification of Efforts to Comply Notice", in all bid packets. Additionally, the County will incorporate the Section 3 Clause into all solicitations and any contracts or subcontracts in excess of \$100,000 (24 CFR Part 135.38)

Preference for Section 3 Business Concerns:

Preference shall be awarded to Section 3 Business Concerns according to the following system:

- Where the Section 3 Covered Contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 Business Concern with the lowest bid, if it is reasonable and no more than 10 percent higher than the lowest bid of the from any qualified source. If no bid by a qualified Section 3 Business Concern is within 10 percent of the lowest bid from any qualified source, the award shall be made to the source with the lowest bid.
- Where the Section 3 Covered Contract is to be awarded based on factors other than price, a request for bid shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The contract shall be awarded to the responsible firm whose bid is the most advantageous, considering price and all other factors specified in the rating system.

Contractor Requirements

In responding to Bids all contractors and subcontractors are required to comply with the Harris County's Section 3 Plan. The contractor and the County will review the Section 3 Plan procedures and applicable forms that the contractor will use to report progress toward Section 3 goals.

Direct employment of qualified candidates

All general contractors and/or sub-contractors shall ensure that 30 percent of new hires will be Section 3 residents. During the development of the contract, the contractor will negotiate with the County for the number of Section 3-qualified candidates to be employed. The contract will obligate the contractor to achieve no less than the numerical goal established during the negotiation. Additionally, the contractor and/or sub-contractor will provide employed Section 3 residents with applicable training and/or educational opportunities.

Guidelines for Direct Employment

- Contractors should provide job opportunities for skilled and unskilled workers
- Contractors should maintain employment for candidates throughout the duration of a project (candidates will be employees of the contractor or subcontractor, not Harris County)
- All contracts using IHA resident workers and low- and very low- income persons who live in the area where a HUD assisted project is located under Section 3 are subject to the Davis-Bacon Act Wage Rate and the current HUD Form 52158, Maintenance Wage Rate Determination.
- All Contractors and Subcontractors will be required to post all new hire opportunities with the local Workforce Solutions Center, WorkinTexas.com, and the Harris County Section 3 Coordinator.

Compliance and Monitoring of Section 3

The Section 3 Coordinator will analyze and evaluate the contractor's compliance with requirements and obligations set forth in the contract. In the event that a review reveals a contractor has not complied with Section 3 requirements, the County will undertake efforts to help the contractor achieve compliance.

In the event the contractor encounters a problem with a Section 3 employee (employee walks off job or quits; termination; job performance; attendance; tardiness; drug or alcohol use), the contractor should fully document the situation and immediately provide the documentation to the County's Section 3 Coordinator.

Ongoing failure or refusal to comply with the Section 3 Plan and contract may result in payment being withheld by the County until compliance is achieved or termination of the contract. Debarment or suspension of the contractor or limited denial of participation pursuant to 24 CFR Part 135 may result, when applicable.

Reports

The contractor and or sub-contractor shall submit monthly reports regarding the status of each Section 3 participant. An annual report will also be requested from each contractor and/or subcontractor in connection to the performance of each project. This Annual Report will document the efforts and success of all Section 3 participants and subcontractors working under the general contractor, in reaching the percentage goals for employment and business opportunities established in these policies.

Certified Payroll

The contractor and/or subcontractor shall submit weekly-certified payroll reports to the Section 3 Coordinator. This report shall be submitted weekly and clearly identify Section 3 Hires.

Site Visits

The Section 3 Coordinator will conduct periodic site visits to the worksite. The Coordinator shall visibly notice each Section 3 hire on site. The general contractor will sign a monitoring form verifying that a Section 3 worker is present. If the worker is not on site, the Coordinator must contact the Section 3 hire.

Failure to Meet Required Goals

The contractor will be given 30 days to achieve compliance otherwise thereafter payment from the County will stop. The contract may be terminated after 60 days.

Training and/or outreach efforts

Harris County will conduct the following trainings:

- Conduct training for Department staff members semi-annually.
- Conduct training for contractors regularly and make presentations at various meetings, as needed.

Reporting Requirements

Harris County will document actions taken to comply with the employment, training, and contracting requirements of Section 3, the results of actions taken, and impediments encountered. Records will include job vacancies, solicitation of bids or proposals, selection materials and contracting documents (including scope of work and contract amount), in accordance with Federal and State procurement laws and regulations.

Harris County will submit to the GLO:

- Section 3 Monthly Progress Report
- Section 3 Annual Summary Report

Contractors will submit to Harris County:

- New Hire Section 3 Monthly Compliance Report
- Training and Educational Documentation

Filing Complaints

Complaints regarding the County's Section 3 Program must be submitted in writing to the Section 3 Coordinator. All complaints must include the complainant's name, address, telephone number, and a brief narrative detailing the complaint, including but not limited to, the date of the alleged violation and the date the alleged violation was discovered. Complaints shall be filed within 30 calendar days after the complainant becomes aware of any alleged violation.

The Section 3 Coordinator will investigate every complaint. All parties involved will have the opportunity to submit testimony and/or evidence as may be available and relevant to the complaint. The Section 3 Coordinator will issue a written determination within 30 days after the filing of the complaint.

Filing a complaint does not terminate a contractor's Section 3 requirements. Contractors remain accountable for fulfilling the agreed upon Section 3 requirements.

All complaints should be submitted to:

Section 3 Coordinator

CDBG Disaster Recovery Program

Harris County Community Services Department

8410 Lantern Point Dr.

Houston, TX 77054

Office hours are between 8:00 a.m. and 5:00 p.m. except on posted holiday.